

FISCAL NOTE

TO: Chief Clerk of the Senate
Chief Clerk of the House

FROM: James A. Davenport, Executive Director

DATE: February 19, 1996

SUBJECT: **HJR 410**

This resolution, if adopted, will create the *University of Tennessee External Degree Program Act of 1996*.

The resolution recommends that the University of Tennessee research, develop and establish an alternative approach to the traditional undergraduate educational experience. This program would be available statewide to all Tennesseans including those who are disabled, senior citizens and/or are economically disadvantaged so as to be unable to pursue a traditional undergraduate degree program on an existing University of Tennessee campus. The University of Tennessee shall promulgate rules and regulations to establish and operate the program.

The fiscal impact from adoption of this resolution is estimated to be an increase in first year recurring state expenditures of \$170,000 and first year non-recurring state expenditures of \$203,000 and an increase in second year recurring state expenditures of \$7,078,000 and second year non-recurring state expenditures of \$15,000. The resolution will also result in an increase in second year recurring state revenues of \$75,000. This estimate assumes the following:

1. There will be an estimated participation of 500 students.

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2. The state will assume full funding of the program, since tuition and fees will not be generated at a level sufficient to cover the loss of funds if this program is funded through the formula process.
3. A majority of individuals enrolling in an external degree program will be paying the service fee of \$75 per semester in lieu of full fees.

Details of the estimate are shown below:

| <u>Expenditures</u> | <u>1st Year</u> | | <u>2nd Year</u> | |
|--|------------------|-------------------|------------------|-------------------|
| | <u>Recurring</u> | <u>Non-Recur.</u> | <u>Recurring</u> | <u>Non-Recur.</u> |
| Initial study of other state projects & program planning | | \$ 50,000 | | |
| Program development | | 138,000 | \$ 50,000 | |
| Office of Special Studies: | | | | |
| 1 Administrative, 2 Support | \$ 70,000 | | 70,000 | |
| Operating & Equipment | 100,000 | | 100,000 | |
| Travel expense for faculty & staff to evaluate, admit, & introduce new students to program | | 15,000 | | 15,000 |
| Cost associated with estimated student enrollment of 500 (\$9,144* est. cost for full-time traditional students x 1.5 to estimate cost of external degree student x 500) | | | 6,858,000 | |
| Total Inc. in State Expen. | \$170,000 | \$203,000 | \$7,078,000 | \$15,000 |

Revenues

Service Fee to Defray Costs \$ 75,000

*Note: Est. cost per student calculation based on UT Knoxville data:

| | |
|---------------------------------|--------------|
| Fall/Spring In-state fees | \$1,884 |
| State Appropriation per student | <u>7,260</u> |
| | \$9,144* |

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



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James A. Davenport, Executive Director